



Title: Third-Party Risk Management Policy

Program Area: Legal, Contract, & Third-Party Management (LEG)

Number: EMA-LEG-POL-01-2

Adopted by: Emera Inc, and its subsidiaries ("the Emera Company")

Owner: Corporate Legal

Effective Date: 01/01/2024

Last Reviewed: Q4 2023

Supersedes: EMA-LEG-POL-01-1 (07/01/2022)

1. Purpose and Objective:

The purpose of this policy is to define the Emera Company's Third-Party Risk Management (TPRM) requirements. Third Parties contracted on behalf of the Emera Company present risks based on the scope and nature of the work performed, and therefore, the Emera Company is committed to the identification and mitigation of these third-party risks.

To meet this commitment, this Policy establishes the Company's use of a standardized, systematic, risk-based approach, referred to as the Third-Party Risk Management Program. The Emera Company's Third-Party Risk Management Program shall be managed based on the requirements outlined in this policy.

2. Scope:

Compliance with this Policy is mandatory for all employees, officers, or directors in all business units across the Emera Company.

3. Defined Terms:

Third Party: All external parties that provide goods and/or services to the Emera Company in accordance with applicable contract terms and conditions.

Third-Party Risk: Risk posed to the Emera Company arising from its relationship with a Third Party that provides goods or services to the business.

4. Policy:

Third Parties are not permitted to provide goods and services for which there is neither a contractual agreement nor internal approval.

The Emera Company's Third-Party Risk Management Program utilizes a clearly defined methodology and process for assessing and mitigating Third-Party Risk throughout the life cycle of a Third-Party contract. The methodology is reviewed and updated over time to ensure proper Third-Party Risk identification. The Third-Party Risk Management Program methodology addresses the following phases:

- 1. Pre-Contracting - Third-Party Risk Identification:** All Third Parties pose their own unique Third-Party Risk based on the scope and scale of the goods or services provided. Therefore, it is necessary to assess the Third-Party Risk the Third-Party poses to the Emera Company through Third-Party Risk assessments prior to contract approval or renewal to determine risk applicability and severity. Appropriate risk-specific due diligence is required to determine the Third Party's eligibility and the required contractual mitigation requirements.
- 2. Contracting - Risk-Based Terms & Conditions:** Risk-based terms and conditions that define the performance, assurance, and monitoring expectations for managing and mitigating Third-Party Risk are incorporated into the contract with the Third Party. These terms and conditions are based on the results of the Third-Party Risk assessment and due diligence results in the pre-contracting phase.
- 3. Post-Contracting - Risk Mitigation Monitoring:** Post-contracting monitoring of required risk-mitigation activities is performed to ensure compliance with contract terms and conditions and to affirm continued Third-Party eligibility. These activities include pre-work onboarding and continuous monitoring task management.

Employees with responsibilities for managing Third Parties and/or Third-Party Contracts must understand and follow their Emera Company's Third-Party Risk Management Program's methodology and risk-management processes including key contractual provisions, obligations, and protections, proper use of Emera property and infrastructure by Third Parties, onboarding requirements, monitoring requirements, and incident and escalation procedures.

5. Responsibilities:

All employees are responsible for overall adherence to this Policy.

Accountable Executives are responsible for overall execution of this Policy by directly overseeing the performance of their programs through on-going engagement with their TPRM Program Manager.

Business Owners are responsible for accurately representing the nature and scope of Third-Party goods and services being procured and serve as the owner of Third-Party Risk mitigation activities including onboarding and continuous monitoring requirements throughout the Third-Party contract term.

Legal serves as a key contributor and advisor in due diligence and contracting activities and is responsible for ensuring contracts terms are relevant and designed to mitigate applicable third-party risk.

Procurement & Purchasing are responsible to the TPRM Program Manager and are responsible for following the Emera Company's TPRM Program procedures when contracting and conducting business with Third Parties.

TPRM Program Managers are responsible for the management of the Third-Party Risk Management Program within their Emera Company in accordance with this Policy and associated standard.

6. Exceptions & Consequences:

Failure to follow this Policy and its associated Standard may result in undue Third-Party Risk in the Emera Company's business operations, which may jeopardize the reputation and business interests of the Emera Company and can result in personal and corporate liability.

7. Inquiries:

Questions, concerns, or inquiries related to this Policy should be directed to the Emera Company's Legal team.